



A Guide to Your...

CalPERS Service Credit Purchase Options



California
Public Employees'
Retirement System

Each year, CalPERS sends you an Annual Member Statement that reports on your CalPERS years of service and member contributions. It's important to review this statement when you receive it, since your service credit amount is an important component in determining your future retirement benefits. There may be ways you can increase the amount of service credit you have with CalPERS. Perhaps you want to *redeposit* contributions you withdrew or make *new* contributions for eligible service you performed in the past but didn't receive credit for. Purchasing additional service credit can help you ensure that your retirement benefits are the highest the law allows — and may even let you retire earlier than you had planned!

A Guide to Your... CalPERS Service Credit Purchase Options



This booklet describes various types of CalPERS service credit you may be eligible to purchase and helps you decide if the increase in your *future* retirement benefits is worth the cost. On the following pages is information about the different service credit purchase options available. After you have read it, you can review the appropriate section to find out if you're eligible for a particular service credit option and what process you need to follow to request cost information and elect the purchase.

In most cases, you must request your cost information for purchase of service credit **before** you retire, so be sure to do so early in your retirement planning process.

What is service credit?

You earn service credit for each year or partial year you work for a CalPERS-covered employer. It accumulates on a fiscal year basis, July 1 through June 30, and is one of the factors used to calculate your future retirement benefits.

CalPERS retirement benefits are based on:

- your years of service (service credit);
- your age at retirement; and
- your highest salary (for one or three consecutive years, depending on your employer's contract).

To earn a full year of service credit during a fiscal year, in general you must work *at least*:

Hourly pay employees - 1,720 hours

Daily pay employees - 215 days

Monthly pay employees – 10 months full-time

Service credit for retirement purposes may differ from the service credit used by your employer for accrual of leave time.



How can I find out if I'm eligible for additional service credit?

If you're not sure, you need to check your CalPERS Annual Member Statement against your own employment records. Statements are mailed each October. (If yours isn't available, call CalPERS at (800) 352-2238 to request another copy.) Look for times when you withdrew contributions, were a temporary employee, were in the military, or took a leave of absence. You should also review the service credit purchase option information provided on page 4 to see if any of these options applies to you.

*With certain exceptions, you must request your cost information for purchase of service credit **BEFORE** you retire.*



Who can purchase CalPERS service credit?

- **Active Members** – Members who are currently employed by a CalPERS-covered employer. This includes employees of the State, noncertificated school employees, and employees of cities, counties, and other public agencies that contract with CalPERS.
- **Inactive Members** – Those who no longer work for a CalPERS-covered employer, but still have contributions on deposit at CalPERS. (Note: Inactive members may purchase only *certain types* of service credit. See each option section for eligibility.)
- **Reciprocal System Members** – Former CalPERS members who are active members of other California retirement systems that can be “linked” to CalPERS at retirement. Retirement systems that have reciprocity with CalPERS are listed on page 10.
- **Optional Members** – Elected or appointed officials or legislative employees who exercise the option of becoming CalPERS members.

Service Credit Purchase Options

CalPERS offers a variety of additional service credit purchase options. However, there are some limitations on who is eligible, so review the appropriate section to see if you qualify. You may be able to purchase service credit for time when you:

Redeposit

- withdrew your CalPERS retirement contributions; or
- transferred contributions from a member account due to a community property settlement and these contributions have been withdrawn.

Military, Peace Corps, or AmeriCorps*VISTA Service

- served in active military duty prior to your CalPERS membership or took a leave of absence to serve on active duty; or
- served with the Peace Corps or AmeriCorps*VISTA.

Service Prior to Membership

- worked for a CalPERS-covered employer before you became a CalPERS member (for example, as a seasonal, temporary, or part-time employee); or
- worked for a federal or state employer under the Comprehensive Employment and Training Act (CETA).

Leave of Absence

Took a leave of absence:

- for maternity or paternity;
- for a job-related injury or illness (temporary disability);
- to further your education;
- to work for a government agency, college, university, or nonprofit organization; or
- for a sabbatical.

Layoff, Prior Service, & Optional Member Service

- were laid off by a CalPERS-covered employer that contracts for the layoff benefit (you must have been a full-time employee laid off on or after January 1, 1981);
- were working for your employer before it contracted with CalPERS or before a contract exclusion was removed; or
- served as an elected or appointed official or legislative employee (you must currently be an optional member and, if eligible, *choose to become* a CalPERS member).

If any of these situations applies to you, check the appropriate section to find out if you qualify to purchase this service credit, how to get cost information, and any limitations that may apply.

This guide does not include information for State employees interested in converting Second Tier service to the First Tier. If you need this information, call CalPERS at (800) 352-2238 to request a Second Tier Conversion Election Package.

Purchasing Additional Service Credit

What is the cost to purchase service credit?

The cost is determined using formulas that are established by law and may differ depending on your type of membership (State, school, or public agency) and the service credit you're requesting. More detailed information on how costs are determined is included in each section.

Since service credit purchases can be costly, you can use the Service Credit Cost Estimator (available July 2000) on our web site (www.calpers.ca.gov) to get an idea of the cost for Redeposit; Maternity/Paternity (State and school members only); Military, Peace Corps, and AmeriCorps*VISTA (State and school members only); and Service Prior to Membership service credit purchases.

How long will it take to receive cost information?

You should receive your cost information approximately two to four weeks after CalPERS receives your completed request form.

Is it ALWAYS a good idea to purchase service credit?

Only **you** can decide if the increase to your future benefits is worth the cost. You may want to attend a CalPERS retirement workshop to find out more. Check with your nearest CalPERS Regional Office for dates and locations. (See list on inside back cover.) You can also use the on-line Retirement Planning Calculator on the CalPERS web site (www.calpers.ca.gov) to see how this additional service may impact your benefits.

What are the payment options?

You can choose to pay for this service credit in one of four ways:

- **lump-sum payment** – You pay the entire amount at one time.
- **installment payments** – You can make payments for up to 96 months. However, interest continues to accrue until the entire amount is paid.
- **partial lump-sum payment with installment payments** – You pay an *initial* lump sum, and spread out payments on the remaining balance. However, interest continues to accrue until the entire amount is paid.
- **rollover/transfer** – You can make a lump-sum or partial lump-sum payment by making a rollover or transfer from a qualified 401(a) or 401(k) plan.

Additional details on payment options and interest rates will be sent to you with your cost information and election document. After you receive these materials, you have one year to make your election decision; however, additional costs may apply.

You cannot purchase service credit in CalPERS if you have already received credit for it in another public retirement system, except in certain limited circumstances.

After You Mail Your Request

CalPERS Review

When CalPERS receives your completed request form, we will:

- review the information for completeness (if it is not complete, we will send it back);
- determine your eligibility (if you are **not** eligible, we will notify you by mail);
- calculate the cost for the purchase of your eligible service; and
- send you cost information and an election document to mail in if you decide to purchase the service credit.

Member Review

When you get the cost information, you need to:

- review the cost information to determine if a purchase would benefit you; and
- review the payment options and decide which is right for you.

Purchase Decision

If you decide to make a purchase, you need to:

- choose a payment option;
- complete and sign the election document; and
- return it to CalPERS.

*Your cost information is valid for one year, as long as you are still eligible to purchase this service credit; however, additional costs may apply. After one year, you must submit a **new** request for cost information.*





A close-up photograph of a hand holding a large pile of coins, including quarters and dimes, against a dark, textured background.

Redeposit *of Withdrawn Contributions*



If you were previously a CalPERS member, left your CalPERS-covered employer, and took a refund of your contributions and interest, you may be eligible to redeposit these funds and get back those years of service credit.

Who's Eligible?

You CAN redeposit funds that you have previously withdrawn if you're now an:

- active CalPERS member;
- inactive CalPERS member with contributions still on deposit;
- active member of a reciprocal California public retirement system (see page 10); or
- active member whose ex-spouse received a portion of your account as part of a community property judgment or settlement AND took a refund of the contributions.

You CANNOT redeposit if:

- you have previously purchased this service credit with CalPERS;
- you are now an active or inactive CalPERS member, but the agency you previously worked for does not *currently* contract with CalPERS or is not a qualifying reciprocal system; or
- you have received credit for this time under *another* public retirement system (except in certain limited circumstances).

What's Required?

If you withdrew contributions for one or more membership periods in *one withdrawal*, you must redeposit in *one* redeposit election.

If you made *separate* withdrawals of your contributions for one or more membership periods, you may redeposit in one redeposit election or in separate redeposit elections. If you choose to make *separate* redeposit elections, you must begin with the most recent withdrawal and end with the oldest.

What's the Cost?

For redeposit of withdrawn contributions, CalPERS calculates the amount of the withdrawal plus interest (compounded annually to the end of the current pay period).

You can use the on-line Service Credit Cost Estimator (available July 2000) on the CalPERS web site (www.calpers.ca.gov) to get an idea of the cost of purchasing this service.

What's Next?

Gather your employment history information for the time (or times) that you withdrew your CalPERS contributions. Then complete the request form following the steps on page 10.



Reciprocal Retirement Systems

State Teachers' Retirement System
Legislators' Retirement System
Judges' Retirement System
University of California Retirement Plan

Public Agencies

City of Concord
Contra Costa Water District
City of Costa Mesa (safety only)
East Bay Municipal Utility District
East Bay Regional Park District (safety only)
Long Beach Schools Business Management Authority
City of Los Angeles
Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
City of Oakland (non-safety only)
City of Sacramento
City of San Clemente (non-safety only)
City of San Diego
City & County of San Francisco
City of San Jose
San Luis Obispo County

1937 Act Counties

| | |
|--------------|----------------|
| Alameda | Sacramento |
| Contra Costa | San Bernardino |
| Fresno | San Diego |
| Imperial | San Joaquin |
| Kern | San Mateo |
| Los Angeles | Santa Barbara |
| Marin | Sonoma |
| Mendocino | Stanislaus |
| Merced | Tulare |
| Orange | Ventura |



Steps for Requesting Service Credit Cost Information

Step 1

Complete Section A of the request form.

If we have provided cost information to you in the past for this type of service credit purchase, check the "Yes" box and indicate the date your request was submitted. If you have submitted a retirement application, check the "Yes" box and indicate your planned retirement date.

Part 1 Fill in your current mailing information.

Part 2 List all periods of employment for which you withdrew contributions.

Part 3 Sign and date the request form.

If you are currently an active or inactive CalPERS member, go directly to Step 3. If you are currently in another retirement system, go to Step 2.

Step 2

Give the form to your current retirement system to complete Section B (your Personnel Office can give you the address). When you receive it back, continue to Step 3.

Step 3

Submit the completed request form.

- Make a copy for your records.
- Mail the original to the CalPERS address listed on the form.



Request for Service Credit Cost Information Redeposit of Withdrawn Contributions

Section A: Documentation of Service (to be completed by member)

Have you requested this cost information before? ☐ Yes ☐ No If yes, list date request was submitted: _____

Have you submitted a retirement application? ☐ Yes ☐ No If yes, list retirement date: _____

Part 1 Member Information

| | | | |
|-----------------------------|------------------------|-------|-----|
| Name | Social Security Number | | |
| Former Name (if applicable) | Current Employer | | |
| Daytime Phone | | | |
| Mailing Address | City | State | ZIP |

Part 2 Employment Information

List all periods of employment for which you withdrew contributions.

| Employer | From (month/day/year) | To (month/day/year) |
|----------|-----------------------|---------------------|
| | | |
| | | |
| | | |
| | | |

Part 3 Certification

I hereby certify that the above information is true and correct.

| | |
|------------------|------|
| Member Signature | Date |
|------------------|------|

- If you are currently a CalPERS member, **STOP**. Sign this form and mail it to the CalPERS address listed below.
- If you are a member of a retirement system listed on page 10 and are **not** currently a CalPERS member, forward this form to your current retirement system for completion of Section B before returning to CalPERS.

Mail To: CalPERS Member Services Division, P.O. Box 4000, Sacramento, CA 95812-4000

CalPERS use only

| Employer Code | Coverage Group | Appointment | Separation | Termination Date | Position Status |
|---------------|----------------|-------------|------------|------------------|-----------------|
| | | | | | |
| | | | | | |
| | | | | | |

Name

Social Security Number

Section B: Retirement System Certification (to be completed by member's current retirement system)

This request form is used to obtain the member and employment information required to redeposit withdrawn CalPERS contributions and establish reciprocity with the member's current retirement system. CalPERS must receive the necessary information on this form in order to process this request.

Part 1 Retirement System Information

Retirement System

Mailing Address

City

State

ZIP

Employer

Part 2 Member Employment History

First Appointment Date

Effective Date of Membership in Your System

Current Payrate and Time Base

Total Service Credit With Your System

Is the Member Retired/Retiring? ☐ Yes ☐ No

Effective Date of Retirement _____

Is This Service Already Credited in Your System? ☐ Yes ☐ No

Is the Employee Currently a Member of Your System? ☐ Yes ☐ No

Part 3 Statement and Signature of Retirement System Representative

I hereby certify that the above information is true and correct.

Signature

Date

Printed Name

Title

Telephone Number

FAX Number

Retirement System: Please return the completed form to the member.

CalPERS use only

| Sep. Date | "T" Date | T/C | Emp. Code | CGC | Bal. Fwd. | C/Y Svc. | Amt. | Emplr. | CGC | C/Y |
|-----------|----------|-----|-----------|-----|-----------|----------|------|--------|-----|-----|
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For More Information

CalPERS Headquarters

400 P Street
Sacramento, CA 95814
(800) 352-2238
Telecommunications Device for
the Deaf: (916) 326-3240
FAX: (916) 558-4019

Sacramento Regional Office

2750 Gateway Oaks, Room 140
Sacramento, CA 95833
(800) 352-2238
as of June 2000: (877) 720-7377
FAX: (916) 231-7878

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720
(559) 440-4900
as of late 2000: (877) 720-7377
FAX: (559) 440-4901

Glendale Regional Office

Glendale Plaza
655 North Central Ave., Suite 1400
Glendale, CA 91203
(877) 720-7377
FAX: (818) 662-4304

Mountain View Regional Office

650 Castro Street, Suite 240
Mountain View, CA 94041
(650) 428-4600
as of late 2000: (877) 720-7377
FAX: (650) 428-4601

Orange Regional Office

500 North State College Blvd., Suite 750
Orange, CA 92868
(714) 939-4700
as of late 2000: (877) 720-7377
FAX: (714) 939-4701

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408
(909) 806-4800
as of late 2000: (877) 720-7377
FAX: (909) 806-4820

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108
(619) 220-7200
as of late 2000: (877) 720-7377
FAX: (619) 220-7201

San Francisco Regional Office

301 Howard Street, Suite 2020
San Francisco, CA 94105
(415) 369-8500
as of late 2000: (877) 720-7377
FAX: (415) 369-8501



While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.



California Public Employees' Retirement System

400 P Street

Sacramento, CA 95814

www.calpers.ca.gov

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